

Old Age, Disability, Death

First laws: 1908 (old-age pensions), 1911 (disability insurance), and 1925 (old-age and survivors' insurance).

Current law: 1992 (consolidated legislation), 1995 (Pensions Act).

Type of program: Dual social insurance and social assistance system.

Provisions and benefit amounts shown as of April 1999.

Exchange rate: U.S.\$1.00 equals 0.60 pound (£).

Coverage

Basic State Retirement Pension (flat-rate) and **State Earnings-Related Pension Scheme** (SERPS): Compulsory contributions for employed persons earning 66 a week (the lower earnings level) or more. Employer or employee may contract out of SERPS according to specified conditions.

Basic State Retirement Pension (flat-rate)only: Compulsory contributions for self-employed persons with net annual income of £3,770 or more. Voluntary contributions payable by non-employed persons, employed persons earning below £66 per week and self-employed persons with annual net income below £3,770.

Source of Funds

Insured person: Employees, 10% on weekly earnings between £66 and £500. (Certain married women and widows pay 3.85%). If contracted out of SERPS (see Coverage above), 8.4% on weekly earnings between £66 and £500. Self-employed, flat rate £6.55 a week plus 6% of net income between £7,530 and £26,000 a year. Voluntary contributors: flat rate £6.45 a week.

Employer: 12.2% of employee's earnings over £83 a week. 9.2%-11.6% of weekly earnings over £83 if contracted out of SERPS, depending on type of contracted-out scheme (see Coverage above).

Government: Full cost of means-tested allowances and other non-contributory benefits. Also, a treasury grant to contributory programs up to 17% of benefit expenditure per year covers shortfalls.

Maximum earnings for contribution purposes (except for employers, self-employed and non-employed), £500 a week. Minimum, £66. Employee and employer contributions cover all benefits (including sickness, maternity, work injury, and unemployment benefits, and part of the cost of medical services). Self-employed cover all but unemployment benefits. Voluntary contributions only cover flat-rate retirement and widows benefits.

15% of above contributions are allocated to the National Health Service towards medical care costs.

Qualifying Conditions

Old-age pension: Age 65 (men) or 60 (women, gradually rising to 65 over period 2010 and 2020).

Basic State Retirement Pension (flat-rate): 50 weeks of paid contributions before April 1975 or contributions based on earnings of at least 50 times the lower earnings level in tax years April 1975 to April 1978; thereafter, contributions based on earnings 52 times this amount. Coverage required for approximately 9/10ths of the years in working life (generally 44 years for women, 49 for men). Pension reduced proportionately with shorter coverage.

Number of years needed for full pension reduced if caring for child or elderly or disabled relative.

No pension payable if proportion of full pension less than 25%.

Coverage credited for period covered by claims for certain benefits (e.g., Incapacity Benefit, unemployment, etc).

SERPS: Contributions paid as an employee on earnings between the lower and upper earnings level in any tax year from April 1978.

Old-person's pension (Non-Contributory Retirement Pension): Age 80 and ineligible for contributory pension, or entitled to pension less than £39.95 a week. Residence in UK for 10 years in any 20-year consecutive period after 60. Payable abroad.

Disability pension: *Incapacity benefit* (long-term), contributions paid on earnings of at least 25 times the weekly lower earnings level in any one tax year (April to March), plus contributions paid or credited on earnings of at least 50 times the weekly lower earnings level in each of the two complete tax years before the start of the benefit year (January to December) in which the claim is made.

Payable after 52 weeks of disability (as determined by medical test), or after 28 weeks to those who are terminally ill or in receipt of the highest rate care component of Disability Living Allowance.

Age addition: Additional amount payable with Incapacity benefit (long-term) if disability began before age 45.

Payable outside UK for temporary absences of up to 6 months.

Severe disablement allowance (non-contributory, no means test):

Age 16-64, incapable of work for at least 28 consecutive weeks, and insufficient contributions for Incapacity Benefit. If incapacity began after age 20, must also be assessed as 80% disabled.

Disability living allowance (non-contributory, no means test):

Disability starting before age 65. Usually paid after 3 months of disability. Amount determined by care and mobility needs.

Attendance Allowance (non-contributory, no means test): Disability starting age 65 or older. Usually paid after 6 months of disability (except if terminally ill). Lower or higher rate determined by care needs.

Disability working allowance (non-contributory, means-tested): In paid work of 16 hours or more per week, with an illness or disability which creates a disadvantage in securing employment, have savings of £16,000 or less, and be in receipt of a qualifying benefit such as Disability Living Allowance, Attendance Allowance, or other disability-related allowances. (From October 1999, this benefit will be replaced by a system of payable tax credits.)

Invalid care allowance (non-contributory, earnings-tested): Paid to person earning less than £50 a week (after allowable expenses) who forgoes full-time work to care for severely disabled person (receiving certain qualifying benefits) for 35 hours or more a week.

Survivor pension: Deceased met coverage requirements for old-age pension or was pensioner at death.

Widowed-mothers' allowance (WMA): For widows with at least one dependent child under age 19 for whom they get Child Benefit.

Widows pension (WP): For childless widows aged 45 or over at date of husband's death or when Widowed-Mothers' Allowance ceased. Payable until age 65 if retirement pension not claimed until then.

Widows' Payment: Lump sum payment for widows under age 60 or whose husbands were not receiving Retirement Pension at date of death.

Guardian's allowance: For people bringing up an orphan or, in very limited circumstances, a child with one surviving parent.

[Income Support (non-contributory, means-tested, social assistance benefit): Available to people with income below certain levels.

Amount depends on age, income and circumstances. Not payable if savings over £8,000 or if working more than 16 hours a week.]

Old-Age Benefits

Old-age pension: Basic State Retirement Pension (flat-rate), maximum £66.75 a week.

Dependents' supplements: £39.95 a week for dependent adult; £9.90 for first child for which child benefit paid, £11.35 for each other such child.

SERPS: accrual rate of 1.25% per year of coverage, based on average indexed surplus earnings (indexed earnings over the lower earning level of final year before pensionable age) after 1978, equal to 25% of average earnings over notional working life of best 20 years.

For pensioner reaching pensionable age between April 1999 and April 2009, accrual rate on earnings after April 1988 reduces gradually from 25% to 20% of average earnings over entire working life.

For pensioners reaching pensionable age April 2000 or thereafter, indexed earnings will be calculated with reference to the lower earnings level of the years in which earnings are paid rather than the final year. Maximum amount, £131.22 per week.

Increment for deferred retirement: 1/7% of pension for each week of delayed retirement between age 65-70 (men) or 60-65 (women), subject to minimum deferment of 7 weeks.

Old persons' pension (Non-contributory Retirement Pension): £39.95 a week less any old-age pension.

Age addition: £0.25 a week if age 80 or over.

[Income Support (non-contributory, means-tested, social assistance benefit): for single pensioner, £75-£82.25 per week depending on age, less amount of other pensions and income; for pensioner couple, £116.60-£125.30 per week depending on age, less amount of other pensions and income.]

Adjustment: Pensions adjusted annually according to price changes.

Permanent Disability Benefits

Disability pension: Incapacity benefit (long-term)—Payable starting 53rd week of incapacity and subsequent weeks (or starting 29th week if terminally ill and disabled for at least 28 weeks) following payments of Incapacity Benefit (short-term), £66.75 a week plus £39.95 a week for a dependent adult caring for claimant's child(ren), and £9.90-£11.35 for child dependent.

Severe disablement allowance (non-contributory, no means test): £40.35 a week, plus £4.45, £8.90 or £14.05, depending on age when incapacity began. £23.95 for adult dependent, and £9.90 for first child for which child benefit paid, £11.35 for each other such child.

Disability living allowance (non-contributory, no means test): Care component, £52.95, £35.40 or £14.05 a week according to needs; Mobility component, £37.00 or £14.05 a week according to needs.

Attendance allowance (non-contributory, no means test): £35.40 or £52.95 a week, according to needs.

Disability working allowance (non-contributory, means-tested): Maximum rates, £51.80 per week for single adult; £81.05, couple or lone parent. Child allowances from £15.15 to £25.95, depending on age of child; plus £21.90 if disabled child.

Invalid care allowance (non-contributory, earnings-tested): £39.95 a week, plus dependent supplements, if appropriate.

[Income Support (non-contributory, means-tested, social assistance benefit): single person aged 25 or older, maximum weekly allowance of £91.15 less amount of other benefits and income.]

Adjustment: Pensions adjusted annually according to price changes.

Survivor Benefits

Survivor benefits: Widowed mother's allowance (WMA): £66.75 a week plus £9.90 for first child for which child benefit paid, £11.35 for each other such child.

Widow's pension (WP): Amount varies with age at widowhood or when widowed mother's allowance ends. Age 55 or older, £66.75 a week. Aged between 45-54, percentage of full rate paid. An earnings-related component is also paid along with WMA/WP based on husband's earnings since 1978.

Widows' Payment: Lump sum payment of £1,000.

Guardian's allowance: £11.35 a week per child; reduced to £9.90 if higher rate of Child Benefit payable for child.

[Income Support (non-contributory, means-tested, social assistance benefit): widow aged 18-59, with dependent children (up to age 18), weekly allowance of £51.40 plus £20.20-£30.95 per child (depending on age of child) less amount of other benefits and income.]

Adjustment: Benefits adjusted annually according to price changes.

Administrative Organization

Department of Social Security Benefits Agency, administration of payment of pensions, benefits and of income-tested allowances through its network of central and district offices; Inland Revenue Contributions Agency, collection and recording of National Insurance Contributions.

Sickness and Maternity

First law: 1911.

Current laws: 1946 (National Health Service); 1992 (consolidated legislation); 1994 (Incapacity Benefit).

Type of program: Dual social insurance and social assistance system for cash benefits and universal system for medical care.

Coverage

Cash sickness and maternity benefits: Sickness benefit [Incapacity benefit (short-term)] All employed and self-employed persons who satisfy certain contribution conditions and are not eligible for Statutory Sick Pay.

Incapacity Benefit also payable to unemployed or non-employed persons if they satisfy necessary contribution conditions.

Statutory Sick Pay: Paid by employer to employees with average weekly earning of £66 or more a week.

Maternity allowance: All employed persons and self-employed persons who satisfy certain contribution conditions and are not eligible for Statutory Maternity Pay.

Statutory Maternity Pay: Paid by employer to women with average earnings of at least £66 or more a week.

Medical care: All residents.

Source of Funds

Insured person: Incapacity Benefit and Maternity Allowance, see pension contributions, above.

Employer: Incapacity Benefit and Maternity Allowance: See pension contributions, above. Full cost of Statutory Sick Pay (except for certain small employers) and 8% of Statutory Maternity Pay. Reimbursement of Statutory Sick Pay abolished in 1994 (except for some small employers).

Government: 92% of Statutory Maternity Pay (100% in the case of some small employers), small portion of Statutory Sick Pay; most of medical care (National Health Service). Full cost of means-tested allowances.

Qualifying Conditions

Cash sickness benefits: Incapacity benefit (short-term), at least 4 consecutive days of sickness within a period of incapacity for work. Contributions paid on earnings of at least 25 times the weekly lower earnings level in any one tax year (April to March), plus contributions paid or credited on earnings of at least 50 times the weekly lower earnings level in each of the two complete tax years before the start of the benefit year (January to December) in which the claim is made. Payable to employees, self-employed, unemployed aged under age 65 (men) or 60 (women), not receiving Statutory Sick Pay from employer.

Statutory Sick Pay: At least 4 consecutive days of sickness within a period of incapacity for work, employees aged under 65 with average earnings above £66 a week.

Maternity allowance: Contributions paid in 26 weeks of the 66 week period before expected week of confinement. Not receiving Statutory Maternity Pay from employer.

Statutory Maternity Pay: Employed continuously for at least 26 weeks by same employer including the 15th week before expected week of confinement; average earnings £66 or more a week.

Medical benefits: No minimum qualifying period. [Income Support (non-contributory, means-tested, social assistance benefit): Available to people with income below certain levels. Amount depends on income and circumstances. Not payable if savings over £8,000 or if working more than 16 hours a week.]

Sickness and Maternity Benefits

Sickness benefit: Incapacity benefit (short-term), first 28 weeks, £50.35 a week, plus £31.15 a week for a dependent adult; 29th through 52nd week, £59.55 a week, plus £31.15 a week for a dependent adult and £9.90-£11.35 for child dependent(s). Payable after 3-day waiting period.

Statutory sick pay: £59.55 a week. Payable for up to 28 weeks of incapacity after 3-day waiting period.

Maternity allowance: Payable for up to 18 weeks, starting at any time from the 11th week before expected due date. £59.55 a week if employed in 15th week before due date, £51.70 a week if not or self-employed.

Statutory maternity pay: 6 weeks at 90% of average earnings, then up to 12 weeks at £59.55 a week. Payable at any time from the 11th week before expected due date.

[Income Support (non-contributory, means-tested, social assistance benefit): E.g., single, £51.40-£91.15 a week depending degree of disability.]

Workers' Medical Benefits

Medical benefits: Medical services provided by doctors and dentists under contract with and paid directly by National Health Service,

and by public hospitals. Includes general practitioner care, specialist services, hospitalization, maternity care, dental care, medicines, appliances, home nursing, and family planning. Patients pay 80% of cost of any dental work up to £340. Patients pay £5.80 for each prescription. Those receiving income support or family credit, and their adult dependents, children under age 16 (19 if student), pregnant women, and nursing mothers are exempt from dental and prescription charges. People over state pension age and certain other small groups exempt from prescription charges. Exemption also available to others on low income under National Health Service Low Income Scheme. Duration: No limit.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for family head.

Administrative Organization

Department of Social Security, administration of cash benefits through its district and local offices; Department of Health, administration of medical services through National Health Service. Health Service includes 14 regional health authorities and numerous local health authorities.

Work Injury

First law: 1897.

Current law: 1992 (consolidated legislation).

Type of program: Social insurance system.

Coverage

Employed persons. Exclusion: Self-employed.

Source of Funds

Insured person: See pension contributions, above.

Employer: Same.

Government: Same.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: Same as Incapacity Benefit (short-term) above for first 52 weeks. If disability continues, Incapacity Benefit (long-term) is paid.

[Income Support (non-contributory, means-tested, social assistance benefit): Available to people with income below certain levels. Amount depends on income and circumstances. Not payable if savings over £8,000 or if working more than 16 hours a week.]

Permanent Disability Benefits

Permanent disability pension: Industrial Injuries Disablement Benefit, up to £108.10 a week if 100% disabled. Payable from 15th week after accident or onset of disease.

Partial disability: From £21.62 a week for 14% disability to £97.29 for 90% disability.

Reduced earnings allowance: Only payable for accidents/diseases before October 1990. Up to £43.24 a week if at least 1% disabled and unable to do same job, resulting in loss of earnings.

Constant-attendance allowance (CAA): Payable if 100% disabled. £21.65 or £43.30 a week depending on need. £64.95 or £86.60 a week if needs are greater.

Exceptionally severe disablement allowance: £43.30 a week if top two rates of CAA in payment.

[Income Support (non-contributory, means-tested, social assistance benefit): E.g., single, £51.40-£91.15 a week depending degree of disability.]

Workers' Medical Benefits

Medical benefits: Provided under National Health Service.

Survivor Benefits

Survivor pension: See survivor benefits, above.

Administrative Organization

Department of Social Security Benefits Agency, administration of payment of pensions and income-tested allowances through its network of central and district offices.

Inland Revenue Contributions Agency, collection and recording of National Insurance Contributions.

Unemployment

First law: 1911.

Current law: 1995 (Jobseeker's Act).

Type of program: Dual social insurance and social assistance system.

Coverage

Employed persons whose earnings are £66 a week or more.

Exclusion: Self-employed, and certain married women and widows paying reduced contributions (see pension contribution, above).

Source of Funds

Insured person: See pension contribution, above.

Employer: See pension contribution, above.

Government: See pension contribution, above; also, full cost of income-tested allowances.

Qualifying Conditions

Unemployment benefits: Jobseeker's Allowance (contribution-based): Must be 18 or older, and out of work or working less than 16 hours a week (16-17 year olds may qualify only under specified conditions).

Contributions paid on earnings of at least 25 times the weekly lower earnings level in 1 of last 2 complete tax years (April to March) before the start of the benefit year (January to December) in which claim is made; and contributions paid or credited on earnings of at least 50 times the weekly lower earnings level in both the appropriate tax years. Earnings must not be higher than prescribed amount. Registered at employment office, capable of, available for and actively seeking employment and have a current Jobseeker's Agreement. Questions relating to availability, unemployment due to voluntary leaving, misconduct on the job, refusal of employment, or disagreements over the Jobseeker's Agreement are dealt with by specialist adjudication officers.

Jobseeker's Allowance (income-tested): No entitlement to Contribution-based Jobseeker's Allowance, insufficient or expired

contribution-based Jobseeker's Allowance. No income or an income which does not exceed the applicable amount. Not payable if savings over £8,000 or if working more than 16 hours a week.

Unemployment Benefits

Unemployment benefit: Jobseeker's Allowance (contribution-based), flat-rate benefit of £51.40 a week if aged 25 and older (£40.70, aged 18-24; £30.95, under age 18) for up to 6 months. Payable after 3-day waiting period.

Jobseeker's Allowance (income-tested): Amount dependent on age, household income and composition, e.g., single, £30.95-£51.40 a week depending on age.

Administrative Organization

Inland Revenue Contributions Agency, administration of contributions records.

Employment Services Agency and Benefits Agency, administration of job-seeker's benefits through local job centers and benefit offices.

Family Allowances

First law: 1945 (Child Benefit), 1987 (Family Credit).

Current law: 1992 (consolidated legislation).

Type of program: Universal system (Child Benefit) and social assistance (Family Credit).

Coverage

Residents with 1 or more children.

Source of Funds

Insured person: None.

Employer: None.

Government: Whole cost.

Qualifying Conditions

Family allowances: Child Benefit—child must be under age 16 (19 if full-time student). 26 weeks residence in UK in last 52 weeks. Family Credit (income-tested): Must be responsible for at least one child under 16 (or under 19 if in full-time non-advanced education); must be working at least 16 hours a week; must not have savings of over £8,000. (From October 1999, Family Credit will be replaced by a system of payable tax credits: Working Families' Tax Credit.)

Family Allowance Benefits

Family allowances: Child benefit—£14.40 a week for the eldest qualifying child, £9.60 for each other.

Family Credit (income-tested): Amount depends on income, partner's income, number of children and their ages.

Administrative Organization

Department of Social Security, administration of allowances centrally through the Benefits Agency.